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Agriculture

Economic
Research
Service

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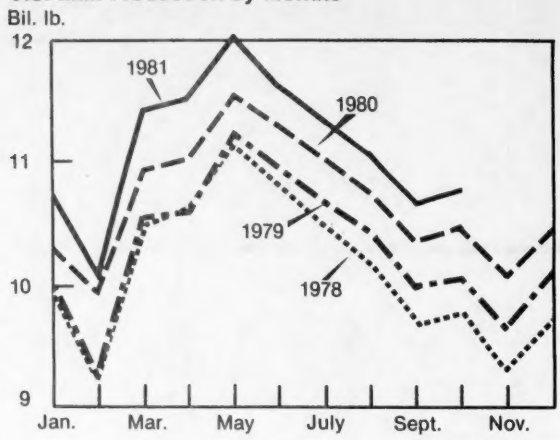
December 1981

Dairy

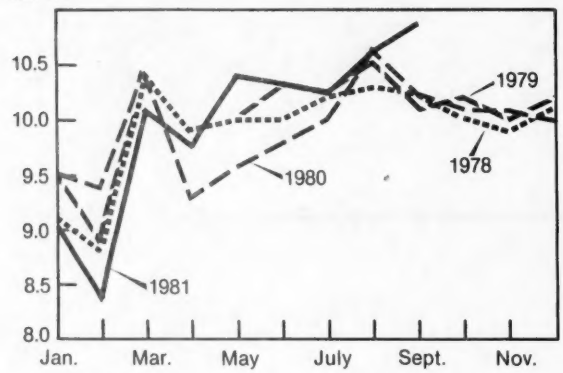
OUTLOOK & SITUATION

U.S. Milk Production by Months



Neg. ERS 5498-81(12)

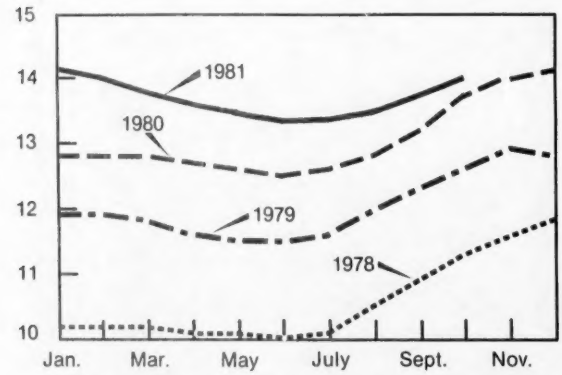
Commercial Disappearance of Milk in All Products*



*Milk equivalent.

Neg. ERS 2075-81(12)

Milk Prices*



*U.S. average price received by farmers for deliveries to plants and dealers.

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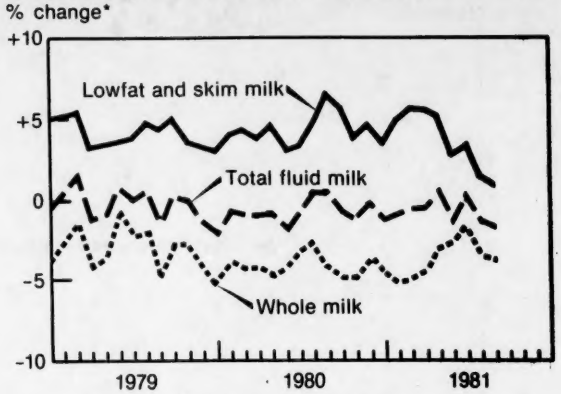
Daily Average Sales of Fluid Milk Items



*From year earlier. Adjusted for calendar composition.

USDA

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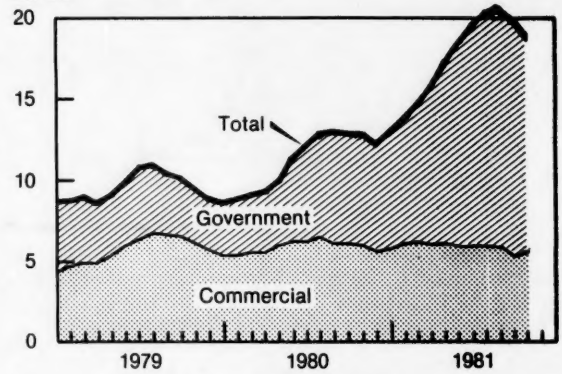
Dairy Products Stocks*



*As of first of month. *Milk equivalent, fat-solids basis.

USDA

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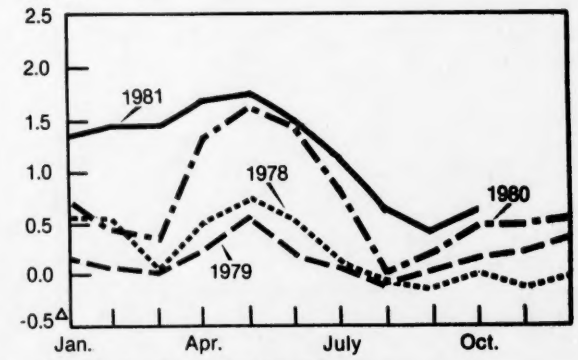
USDA Dairy Product Purchases*



*Net removals, milk equivalent, fat-solids basis.
ΔNegative figures denote domestic sales exceeded purchases.

USDA

Neg. ERS 8449-81(12)

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Clifford M. Carman
Charles N. Shaw
(202) 447-8636

Statistical Assistant
LaVerne T. Williams
(202) 447-8636

National Economics Division
Economic Research Service
U.S. Department of Agriculture
Washington, D.C. 20250

The *Dairy Situation* will be published in March, June, September and December during 1982.

Summary

Milk production likely will continue to expand during most of 1982. Even with only small gains in farm milk prices, lower feed prices will result in favorable milk-feed price relationships. Thus, year-over-year gains in milk production per cow probably will continue. Cow numbers are likely to stay above year-earlier levels during much of the year because of the lack of both farm and off-farm employment alternatives to dairy farming, as well as low utility cow prices. On balance, 1982 milk production may be up 1 to 3 percent from 1981's record production.

The current expansion in production already is record-long, with October the 30th straight month of year-over-year gains. Total 1981 production likely will be about 3 percent more than the 128.4 billion pounds produced in 1980.

Milk prices received by farmers have increased seasonally in recent months, although the rise this year was much less than normal. The oversupply situation has resulted in a slowing of gains from a year earlier. In November, the all-milk price was $14.10 per cwt., up less than 1 percent from a year earlier, compared with 8 to 10 percent gains early this year. The all-milk price likely will average about $13.75 for 1981, up about 6 percent from 1980. In 1982, the all-milk price will likely be unchanged to up 2 percent—depending partly on whether there is a support price increase on October 1, 1982. First-half prices will be about the same as a year earlier, as excess supplies persist.

With no permanent increase in the support price since October 1980, and with continued large supplies, whole-

sale prices of dairy products have been relatively flat throughout 1981—and are likely to continue flat at least through first-half 1982.

Throughout 1981, the monthly retail price index for dairy has been higher than year-earlier levels, but the difference has narrowed. In October, retail prices were up 5 percent from a year ago (compared with gains of near 10 percent early in the year). To date, prices have risen less than 2 percent from the first of the year. For the year, retail prices likely will average about 7-1/2 percent above 1980. In 1982, retail prices are expected to continue rising, but the rate of gain is expected to slow. For the year, they likely will average only 3 to 5 percent higher than in 1981—with farm-to-retail marketing costs contributing most of the increase.

Commercial use of milk and dairy products (on a milk equivalent, fat-solids basis) during the first 9 months of this year was up almost 1 percent from a year earlier. Following 2 years of relatively weak dairy product sales, use in 1982 may rise around 2 percent from 1981. This would result from the relatively small retail price gains throughout 1982, and an improving general economy and consumer income picture during the second half to the year.

USDA purchases under the price support program during the first 11 months of 1981 totaled 12.2 billion pounds (milk equivalent), compared with 8.2 billion during the same period in 1980. Purchases likely will continue heavy in 1982, although they will slow later in the year if production adjustments occur and commercial use strengthens.

Dairy Situation

PRODUCTION

Record Setting Expansion Continues

Gains in total U.S. milk production continued in September and October. September was the 29th month of year-over-year gains, and thus surpassed the previous record expansion phase, which ended January 1978 and lasted 28 months. October extended the new record to 30 straight months of year-over-year gains.

During October, output per cow was 1.9 percent (18 pounds) higher than a year earlier, while there were 0.7 percent (79,000) more milk cows—resulting in a 2.7-percent gain in total milk production. Of the 33 reporting States, only 4 had milk production below year-earlier levels. All but one farm production region reported October production increased from a year earlier—the Southern Plains region was down 1 percent. The increasing regions were led by a gain of 11 percent in the Mountain area, followed by a 4.2-percent increase in the Pacific. Production in all five of the major milk-producing States was up during October, led by a gain of 4.1 percent in California, followed by 3.4 percent in Pennsylvania, and about 1 percent in New York, Minnesota, and Wisconsin.

Milk production from January through October was 3.2 percent greater than during the same period last year. Production during 1980 in the five major dairy States constituted 50.5 percent of the national milk supply. During the first 10 months of 1981, the five States accounted for 56 percent of the increased milk production and 50.7 percent of the national supply.

U.S. milk production

Month	1980	1981	Change
			Million pounds
January	10,307	10,739	+4.2
February	9,970	10,903	+1.2
March	10,946	11,426	+4.4
April	11,013	11,544	+4.8
May	11,664	12,064	+3.4
June	11,321	11,628	+2.7
July	11,036	11,320	+2.6
August	10,782	11,065	+2.6
September	10,364	10,650	+2.8
October	10,455	10,736	+2.7
November	10,076		
December	10,491		
Total	128,425		

Feed Prices Below Last Year

Since late spring, prospects for a large feed grain crop and a large soybean crop have contributed to lower feed ingredient prices. These lower input prices have already helped make feed costs more favorable this fall than they were a year earlier. The average price of 16-percent protein dairy ration in mid-November was $179 a ton, down $21 from mid-May and $21 below last year. With the all-milk price in November 60 cents above May, the milk-feed price ratio improved from 1.35 in May to 1.58 in November—the highest level since November 1979.

The corn crop, as of November 1, was forecast at a record 8.1 billion bushels, 22 percent more than in 1980, and 2 percent larger than the previous record set in 1979. The harvest, when added to the 1-billion-bushel carryover, will result in a total supply of 9.1 billion bushels, 10 percent higher than last year, but only 1 percent below the record level of 1979/80. Meanwhile, feed use of corn is expected to increase only about 3 percent. Thus, ending stocks are projected to increase by about 600 million bushels, to 1.6 billion, and to keep downward pressure on the corn price. The farm price of corn during the 1981/82 crop year is expected to average $2.55 to $2.80 a bushel, compared with $3.10 in 1980/81. In mid-November, farmers received an average of $2.33 a bushel, ranging from $2.14 in South Dakota to $2.79 in Texas. Meanwhile, at Chicago, No. 2 yellow corn was quoted in early December at about $2.60 a bushel, 90 cents below a year ago.

Soybean production, as of November 1, was forecast at 2.08 billion bushels, 16 percent above the 1980 crop. Car-

Milk-feed price ratio[1]

Month	1979	1980	1981
	Pounds		
January	1.62	1.54	1.39
February	1.59	1.57	1.40
March	1.58	1.55	1.42
April	1.56	1.55	1.39
May	1.53	1.53	1.35
June	1.51	1.50	1.36
July	1.43	1.47	1.40
August	1.51	1.42	1.43
September	1.54	1.39	1.48
October	1.55	1.42	1.53
November	1.59	1.40	1.58
December	1.54	1.38	
Average	1.54	1.47	

[1]Pounds of 16% protein ration equal in value to 1 pound of milk.

ryover stocks are expected to rise about a fourth to a record 405 million bushels at the end of 1981/82. The higher stock levels will keep the price of soybeans and products below a year earlier until mid-1982. As indications of a bumper crop firmed, soybean prices at the farm declined from $7.42 per bushel in May to $6.00 in mid-November. Soybean meal prices, 44-percent protein at Decatur, are expected to average $170 to $195 a ton during the 1981/82 soybean crop year, compared with $218 last year. In early December, 44-percent meal was quoted at about $190 a ton, down about $40 from a year ago.

Very favorable moisture conditions in most areas this summer resulted in a rebuilding of hay stocks, good to excellent grazing conditions, and good fall and winter grazing prospects. This year's hay crop, at 141 million tons, was 8 percent above a year ago and only 4 percent below the record 1979 harvest. Production of alfalfa hay was 82.4 million tons, 3 million more than last year. When production is combined with a carryover smaller than a year ago, total hay supplies will be up slightly. This larger supply will likely hold prices below year-earlier levels into mid-1982. Prices received by farmers for baled alfalfa hay averaged $67.70 a ton in mid-November, down about $12 from a year earlier. Prices ranged from $95 in Pennsylvania to $51 in Idaho.

The current good to excellent pasture conditions in most of the Nation and the prospect of good winter grazing have also maintained downward pressure on hay prices. On November 1, U.S. pasture and range feed conditions were rated at 80 percent—15 points above a year ago and 3 points above average.

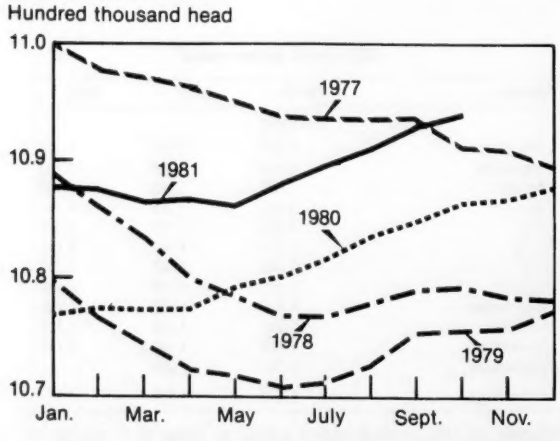
Production Gains to Continue

In 1981, the large number of replacement heifers available to enter the milking herd has allowed milk cow numbers to keep increasing (table 1). In addition, lower cull cow prices throughout the year may have led to a reduced culling rate. Also, relatively favorable income conditions for dairying, compared with other farm enterprises and off-farm employment opportunities, have likely contributed to the increase in cow numbers. October cow numbers stood at 10.94 million, the largest total since May 1977.

Meanwhile, output per cow has continued to increase, even with relatively little change in feeding rates, because many of the genetically improved heifers brought into the herd at the beginning of the expansion have reached their more productive second and third lactations. The increased output per cow, coupled with additional cow numbers, will raise total milk production in 1981 about 3 percent from last year's record 128.4 billion pounds.

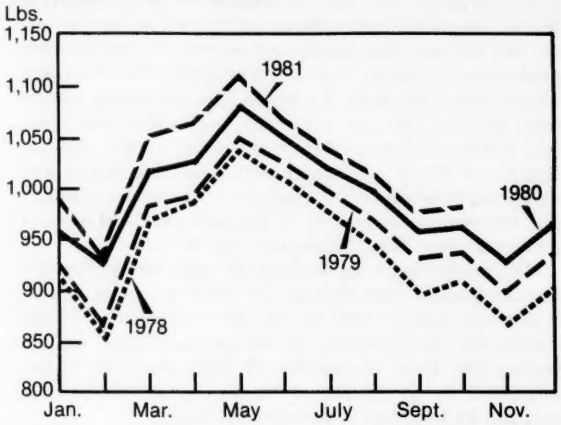
In 1982, if the economy remains weak until the second half and unemployment is high, off-farm opportunties will be limited. In addition, the culling rate could remain low because the current very low utility cow prices may continue until mid-1982. As a result, milk cow numbers

Milk Cows on Farms



Neg. ESS 262-8 (12)

Milk Production Per Cow



USDA

Neg. ERS 261-81(12)

Utility cow prices, Omaha

Month	1979	1980	1981
	Dollars per cwt.		
January	47.33	47.94	41.61
February	50.81	51.22	43.65
March	52.94	48.80	43.12
April	57.00	45.73	42.93
May	55.51	42.78	42.39
June	50.60	44.06	42.88
July	47.80	43.33	43.78
August	48.33	45.53	44.31
September	49.65	46.56	42.47
October	47.71	45.93	40.60
November	46.49	43.91	38.71
December	46.98	42.92	
Average	50.10	45.73	

Table 1--Milk production and factors affecting supply, United States, selected years, 1955-81

Year	Milk cattle on farms, January 1 1/			Milk cows on farms, average during year	Milk production		Average prices received by farmers per 100 pounds		
	Milk cows and heifers that have calved	Milk cow replacements; heifers 500 pounds and over			Per cow	Total	All milk, wholesale	Milk eligible for fluid market	Milk, manufacturing grade
		Total	Per 100 cows						
	Thou.	Thou.	No.	Thou.	Lb.	Mil. lb.	Dol.	Dol.	Dol.
1955	21,320	6,832	32.0	21,044	5,842	122,945	4.01	4.50	3.15
1960	17,650	5,686	32.2	17,515	7,029	123,109	4.21	4.69	3.25
1965	15,380	4,780	31.1	14,953	8,305	124,180	4.23	4.63	3.34
1966	14,490	4,450	30.7	14,071	8,522	119,912	4.81	5.17	3.97
1967	13,725	4,215	30.7	13,415	8,851	118,732	5.02	5.43	4.06
1968	13,115	4,080	31.1	12,832	9,135	117,225	5.24	5.67	4.22
1969	12,550	3,990	31.8	12,307	9,434	116,108	5.49	5.87	4.45
1970	12,091	3,880	32.1	12,000	9,751	117,007	5.71	6.05	4.70
1971	11,909	3,843	32.3	11,839	10,015	118,566	5.87	6.19	4.86
1972	11,776	3,828	32.5	11,700	10,259	120,025	6.07	6.38	5.08
1973	11,622	3,872	33.3	11,413	10,119	115,491	7.14	7.42	6.20
1974	11,297	3,941	34.9	11,230	10,293	115,586	8.33	8.66	7.13
1975	11,220	4,087	36.4	11,139	10,360	115,398	8.75	9.02	7.63
1976	11,071	3,956	35.7	11,032	10,894	120,180	9.66	9.93	8.56
1977	10,998	3,887	35.3	10,945	11,206	122,654	9.72	9.96	8.70
1978	10,896	3,886	35.7	10,803	11,243	121,461	10.60	10.80	9.65
1979	10,790	3,932	36.4	10,743	11,488	123,411	12.00	12.20	11.10
1980 2/	10,779	4,158	38.6	10,815	11,875	128,425	13.00	13.20	12.00
1981 3/	10,869	4,353	40.0	10,895	12,145	132,320	13.75	13.95	12.80

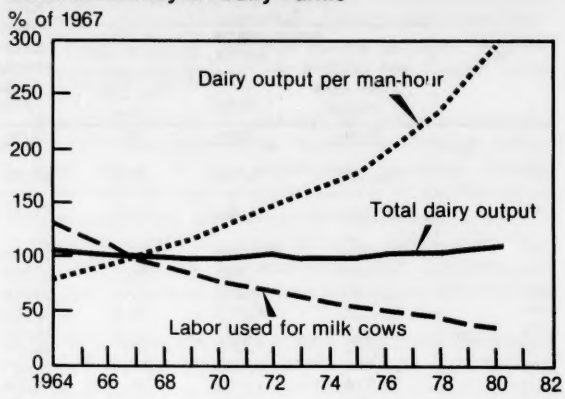
Year	Dairy ration cost		Milk cow cost		Grain and other concentrates fed to milk cows 4/			Dairy pasture feed conditions as percent of normal	Alfalfa hay prices	
	Value per 100 pounds	Milk-feed price ratio 5/	Price received per head	Milk required to buy a cow	Total fed	Per cow	Per 100 pounds of milk produced		Received by farmers per ton	Paid by farmers per ton
	Dol.	Lb.	Dol.	Cwt.	Thou. tons	Lb.	Lb.	Pct.	Dol.	Dol.
1955	3.16		146	36	18,664	1,758	30.1	77	22.00	33.70
1960	2.92		223	53	19,821	2,259	32.2	82	21.00	31.60
1961	2.92		224	53	20,916	2,404	33.2	84	21.00	30.90
1962	2.95		221	54	21,617	2,533	34.3	80	21.40	30.60
1963	3.04		215	52	21,858	2,646	35.1	73	23.50	32.90
1964	3.03		209	50	22,464	2,800	35.9	73	24.00	32.60
1965	3.03	1.18	212	50	22,827	2,953	36.7	80	25.00	33.00
1966	3.15	1.30	246	51	22,569	3,000	37.6	78	24.70	33.40
1967	3.23	1.35	260	52	22,790	3,374	38.3	80	23.60	34.08
1968	3.10	1.47	274	52	22,886	3,519	39.1	83	23.00	32.94
1969	3.15	1.54	300	55	23,615	3,726	40.7	82	23.90	34.08
1970	3.28	1.53	332	58	24,870	3,979	42.4	81	24.70	34.69
1971	3.44	1.49	358	61	25,107	4,070	42.4	79	27.10	37.57
1972	3.52	1.52	397	65	25,162	4,298	41.9	80	31.45	40.15
1973	4.88	1.28	496	69	25,042	4,389	43.4	83	41.55	51.65
1974	6.23	1.22	500	60	24,586	4,384	42.6	75	52.58	63.58
1975	6.25	1.31	412	47	24,274	4,357	42.1	79	54.38	66.18
1976	6.30	1.37	477	49	25,083	4,545	41.7	70	60.81	72.16
1977	6.20	1.39	504	52	25,518	4,709	42.1	72	60.57	74.25
1978	6.08	1.53	675	64	26,018	4,803	42.8	76	52.25	6/
1979	6.68	1.54	1,040	87	27,207	5,070	44.1	82	60.37	6/
1980 2/	7.42	1.47	1,190	92	28,493	5,260	44.3	70	71.96	6/
1981 3/	7.98	1.44	1,200	87	28,870	5,300	43.6	78	72.25	6/

1/ Prior to 1965, estimated by Livestock Section, ERS.
2/ Preliminary.
3/ Estimated.
4/ On farms where milk or cream was sold. Beginning 1966, data are for all farms where milk was produced.
5/ Pounds of 16 percent protein ration equal in value to 1 pound of milk.
6/ Discontinued series.

will likely remain above year-earlier levels through much of 1982. With large feed grain and soybean crops and ample forage supplies, the cost of feeding will be lower in 1982 and output per cow is expected to increase. Thus, year-over-year increases in milk production are expected to continue through much of 1982. On balance, 1982 milk production may be up 1 to 3 percent from 1981.

However, if there is no increase in support on October 1, 1982, the support price of $13.10-per-cwt. ($12.80 for 3.5 percent fat) would be in effect for the third marketing year. Thus, with farm milk prices showing little increase since late 1980, many dairy farmers by late 1982 could be experiencing cash flow problems. As a result, culling would likely increase and feeding rates might decline—resulting in fewer cows and smaller gains in output per cow. Under these conditions, production could drop below year-earlier levels during the fourth quarter.

Labor Efficiency on Dairy Farms



1980 Preliminary.

USDA

Neg. ERS 8447-81(12)

Labor Efficiency of Milk Production Improved in 1980

Preliminary data show that milk output per man-hour increased 12.1 percent in 1980, compared with a gain of 11.7 percent in 1979 and 8.7 in 1978. The smaller increase in 1978 was probably the result of the relatively slow expansion in output per cow that year. The 1979 and 1980 increases were due to improved output per cow, with most of the 1979 gain coming in the last half of the year.

Several factors underlie increasing labor efficiency in milk production. Output efficiency has occurred because dairy farmers are getting more production per cow through better management, continued genetic improvement of the dairy herd, and heavier concentrate feeding. Meanwhile, on the labor side, dairy farm enterprises are using technologies which require less labor per cow and, therefore, allow more cows per worker. For example, in 1980, dairy farmers used an average of 5.7 minutes per day per cow for direct care (does not include labor used in producing feed, caring for calves and replacements, or general farm overhead), down from 6.2 minutes in 1979 and 6.8 minutes in 1978. When the decline in time per cow is coupled with the increased output per cow, the dairy farmer's improved labor efficiency (output per unit of labor) has increased almost 200 percent since 1967.

PRICES AND INCOME

Farm Price Gains Continue to Slow

Milk prices received by farmers have increased seasonally since August, although the rise this year has been less than the normal seasonal pattern. The 70-cent seasonal price increase from June to November compares with an average gain of $1.21 during the comparable periods for the last 5 years. In addition, the gain from a year earlier has continued to slow this fall—the all-milk price averaged $14.10 a cwt. in November, 1 percent above last year, compared with year-over-year gains of 10.2 percent in January and 7.2 percent in June.

During the first 11 months of 1981, manufacturing grade milk prices failed to reach the $13.10 support price at 3.67 percent fat ($12.80 at 3.5 percent fat) established on October 1, 1980. After adjusting for fat content, manufacturing grade milk prices averaged about 35 cents under the support level, with the November price about 40 cents under. This shortfall from support can partially be attributed to less competition among manufacturers because of the large supplies of milk.

Minimum Federal order Class I prices will average $14.63 per cwt. in December, the same as was registered in January 1981. During the year, these prices rose to a high of $14.78 in May and then dropped to a low of $14.56 in November, before once again rising in December. The January 1982 price will also be $14.63. While minimum order Class I prices dropped during the last half of the year, over-order prices negotiated by cooperative associations held stable. As a result, over-order payments went up during this time. The estimated average over-order payment in Federal order markets rose from 57 cents per cwt. in May to 76 cents in November.

With production expected to remain large relative to use, and the support price rolled back to the pre-October level of $13.10 a cwt., only a small seasonal increase in December farm milk prices can be expected. For all of

Milk prices received by farmers

Month	All sold to plants			Manufacturing grade		
	1979	1980	1981	1979	1980	1981
	Dollars per 100 pounds					
January	11.90	12.80	14.10	10.90	11.80	13.00
February	11.90	12.80	14.00	10.80	11.70	12.90
March	11.80	12.80	13.80	10.80	11.80	12.90
April	11.60	12.70	13.60	10.80	11.80	12.70
May	11.50	12.60	13.50	10.80	11.70	12.70
June	11.50	12.50	13.40	10.70	11.70	12.50
July	11.60	12.60	13.40	10.80	11.60	12.40
August	12.00	12.80	13.40	11.10	11.80	12.40
September	12.30	13.20	13.80	11.40	12.20	12.60
October	12.60	13.70	14.00	11.60	12.70	12.90
November	12.90	14.00	14.10	11.70	12.90	13.00
December	12.80	14.10		11.70	13.00	
Average	12.00	13.00		11.10	12.00	

1981, the all-milk price likely will average about $13.75, up about 6 percent, compared with increases of 8.3 percent in 1980 and 13.2 in 1979. During 1982, the all-milk price will likely be unchanged to up 2 percent, depending partly on whether there is a support price increase on October 1, 1982. First-half 1982 prices will be about the same as a year earlier, as excess supplies are expected to persist. If production adjustments occur during the second half and the general economy improves, prices would likely move above year-earlier levels during the last half of 1982.

Court Issues Decision on Reconstituted Milk

The U.S. District Court for the District of Columbia recently dismissed a suit brought by the Community Nutrition Institute and several others who had sought to require USDA to grant their petition to hold a hearing on pricing reconstituted milk in Federal orders. In April 1981, USDA had denied the petition. The suit was brought to have the order provisions for the pricing of reconstituted milk declared invalid, and to compel USDA to grant the petition for an amendment hearing. In dismissing the suit, the judge ruled that the consumer petitioners were not entitled under the act to sue the Government, and that the consumer groups had not shown any injury. The judge also held that the milk handler petitioner had failed to exhaust his administrative remedies before going to court. The petitioners have appealed the decision to the U.S. Court of Appeals for the District of Columbia.

Milk Support Levels Still Being Debated

Because the Food and Agriculture Act of 1977, as amended, expired on September 30, 1981, the support level was raised (as required by the Budget Reconciliation Act of 1981) to 75 percent of parity ($13.49 at test) on October 1. Subsequent special legislation "rolled back" that increase to the pre-October 1 level of $13.10 effective October 21. This special legislation expired on November 15, but additional legislation was enacted to hold the current level through December 31, 1981.

The Senate and House each passed their version of legislation for the 1981 farm bill. Both versions would hold the milk support price at $13.10 through the 1981/82 marketing year ending September 30, 1982. But, that is where the agreement ends. In later years, the Senate bill (and the Administration position) would require a support level of between 70 and 90 percent of parity—adjusted annually. However, if CCC net expenditures were expected to exceed $750 million in the upcoming marketing year, no annual adjustment from the previous year's level would be required. This version, if enacted, would allow the Secretary to hold the support price at the present level until production and consumption are brought into closer balance and program costs are reduced. At no time, however, would the support price be lower than the current $13.10 per cwt.

The House version would require a support level at 72.5 percent of parity in marketing year 1982/83. Then, beginning in October 1983, a support level between 75 and 90 percent of parity, adjusted annually, would be required. However, if CCC purchases were expected to exceed 3.5 billion pounds (milk equivalent) during the marketing year, the support level could be set as low as 70 percent of parity.

Differences in the two bills are now being resolved in a Senate-House conference committee, so either version—or some combination—could emerge in the final farm legislation. In early December, the conference committee had yet to reach a final agreement and issue a report. However, unless the conference bill is closely similar to the Senate version, the Secretary of Agriculture indicates that the bill would be subject to veto. In the absence of a farm bill or additional special legislation, the support level would revert to 75 percent of parity, as required in the Budget Reconciliation Act enacted last

Table 2--Manufacturing milk: Comparisons of announced support prices and U.S. average market prices paid to producers, marketing years, 1960-81 1/

Marketing year beginning in: 2/	Date effective 3/	Manufacturing milk				
		Support level		Average market level		
		Percentage of parity equivalent 4/	Price per 100 pounds	Price per 100 pounds	As a percentage of parity equivalent: In month prior to marketing year	As a percentage of parity equivalent: Average during marketing year
		Percent	- - Dollars - -		- - Percent - -	
1960		76	3.06			
	9/17/60	80	3.22			
	3/10/61	85	3.40	3.31	83	83
1961		83	3.40	3.38	83	82
1962 5/		75	3.11	3.19	76	76
1963		75	3.14	3.24	77	77
1964		75	3.15	3.30	77	78
1965		75	3.24	3.45	80	79
1966		78	3.50			
	6/30/66	89.5	4.00	4.11	92	90
1967		87	4.00	4.07	88	87
1968		89.4	4.28	4.30	90	87
1969		83	4.28	4.55	88	86
1970		85	4.66	4.76	87	85
1971		85	4.93	4.91	85	82
1972		79	4.93	5.22	84	80
1973	3/15/73	75	5.29			
	8/10/73	80	5.61	6.95	99	91
1974		81	6.57			
	1/04/75	89	7.24	6.87	85	78
1975		79	7.24			
	10/02/75	84	7.71	8.12	89	84
1976		80	8.13			
	10/01/76	81	8.26	8.52	84	82
1977 6/		82	9.00	7/8.77	80	80
1977		82	9.00			
	4/1/78	86	9.43	9.30	85	79
1978		80	9.87			
	4/1/79	87	10.76	10.86	88	80
1979		80	11.49			
	4/1/80	87	12.36	11.75	82	76
1980		80	13.10	12.72	78	73
		75	13.49			
1981	10/21/81	72.9	13.10			

1/ See DS-372, October 1978, table 1 for 1949-59. 2/ Start of marketing year April 1, 1960-77, October 1, 1977 to present. 3/ If other than start of year. 4/ Except as noted, this is the actual percentage of the parity equivalent price published in month before the marketing year. In some cases the announced percentages, based on forward estimates of parity, were slightly different. 5/ Beginning November 1962, parity equivalent is based on prices for all manufacturing grade milk instead of the "3-product" price for American cheese, evaporated milk, and the butter-nonfat dry milk combination used before. 6/ April-September transition period. 7/ Adjusted to annual average fat test.

Table 3--Dairy products under price support programs, USDA purchase price per pound, 1970-81 1/

Effective date of change	Butter		Nonfat dry milk, extra grade	Natural Cheddar cheese, Grade A or higher
	Grade A or higher			
	Chicago	New York	Spray	
	Cents			
4/01/70	2/69.846	70.75	27.20	52.00
4/01/71	67.784	68.75	31.70	54.75
4/01/72	67.708	68.75	31.70	54.75
4/15/73	60.922	62.00	37.50	62.00
8/10/73	60.922	62.00	41.40	65.00
4/01/74	60.570	62.00	56.60	70.75
1/04/75	68.070	69.50	60.60	77.25
4/01/75	69.193	70.75	60.60	79.25
10/2/75	79.693	81.25	62.40	85.00
4/01/76	85.817	87.75	62.40	90.50
10/01/76	90.817	92.75	62.40	92.50
4/01/77 4/	100.710	102.75	68.00	3/98.00
4/01/78	106.710	108.75	71.00	3/103.25
10/01/78	111.300	113.50	73.75	3/106.00
4/01/79	121.800	124.00	79.00	3/116.00
10/01/79	131.330	134.00	84.00	3/124.00
4/01/80	140.580	143.25	89.50	3/132.50
10/01/80	149.000	152.00	94.00	3/139.50
10/01/81	153.00	156.00	96.50	3/143.25
10/21/81	149.00	152.00	94.00	3/139.50

1/ Prices for bulk containers--butter, 64 and 68-pound packages; nonfat dry milk, nonfortified in 50-pound bags; and cheese, mostly in 40 and 60-pound blocks. See DS-325, May 1969, table 6 for 1949-61 data and DS-372, October 1978 table 2 for 1962-69. 2/ Prices varied slightly during the year due to changes in freight rates. 3/ 3 cents less for barrel cheese. 4/ Remain in effect at the start of the marketing year beginning 10/1/77.

Table 4--Computations of parity equivalents for manufacturing milk, per 100 pounds, marketing years, 1970-81 1/

Marketing year beginning in: 2/	Base period 3/			Adjusted base price 6/	Parity 4/		
	All milk wholesale	Manufacturing grade milk 5/	Ratio		Index (1910-14=100)	Prices	
						All milk wholesale	Equivalent of manufacturing milk
	Dollars		Percent	Dollars		Dollars	
1970	4.57	3.65	79.9	1.78	386	6.87	5.49
1971	4.73	3.79	80.3	1.79	405	7.21	5.79
1972	4.89	3.94	80.6	1.82	423	7.70	6.21
1973	5.09	4.13	81.1	1.83	473	8.64	7.01
1974	5.39	4.43	82.2	1.80	549	9.88	8.12
1975	5.81	4.83	83.1	1.80	612	11.00	9.14
1976	6.26	5.26	84.0	1.82	664	12.10	10.16
1977 7/	6.75	5.72	84.7	1.88	685	12.90	10.93
1978	7.22	6.18	85.6	1.90	756	14.40	12.33
1979	7.74	6.73	87.0	1.91	862	16.50	14.36
1980	8.40	7.39	88.0	1.91	972	18.60	16.37
1981	9.13	8.13	89.0	1.94	1,042	20.20	17.98

1/ See DS-325, May 1969, table 7 for 1948-61 and DS-372, October 1978 table 3 for 1962-69. 2/ Marketing year began on April 1 until shifted to October 1 in 1977. 3/ For the 10 calendar years immediately preceding. 4/ From issues of Agricultural Prices immediately preceding start of marketing year. 5/ Prior to November 1962, the "3-product" price series was used. 6/ 120-month average of farm prices for all wholesale milk divided by 120-month average of the Index of Prices Received by Farmers (both adjusted for supplemental payments), ending with December of previous year. Actual price received during 1910-14 was $1.61. 7/ Computations were identical on both April 1 and October 1.

summer, and the support price will again be raised to $13.49 ($13.18 at 3.5 percent fat) on January 1, 1982.

Cash Receipts Slowing

During September-October, cash receipts from the sale of milk were estimated to have increased about 7 percent from the same months of 1980, as a result of nearly 3 percent larger marketings and 3.3 percent higher prices. The 7-percent gain compares with a 13-percent gain during January-April, and a 9-percent increase during May-August. For all of 1981, cash receipts will likely be up about 10 percent, approximately the same as the general rise in inflation (table 5). In 1982, with the all-milk price expected to be unchanged to up 2 percent, cash receipts from milk marketings could be up 2 to 6 percent. Meanwhile, inflation is expected to be 6 to 8 percent.

Wholesale Prices Unchanged

With no increase in the support price since October 1980, and with continued large supplies, wholesale prices of dairy products have been relatively flat throughout 1981. In October, the Bureau of Labor Statistics' (BLS) index for wholesale dairy prices stood at 247.4 (1967 = 100), up 4 percent from a year earlier—but up only 1 percent from both January and May. Wholesale prices likely will remain relatively stable through the first half of 1982, then increase later in the year if the economy improves, demand picks up, and production slows.

Prices in major wholesale markets for the dairy products that USDA buys under the price support program moved higher in October, reflecting the higher CCC purchase prices. The prices increased because of the higher support price required by law. However, with the rollback to the pre-October 1 support price, wholesale prices of butter, cheese, and nonfat dry milk by the end of November had returned to the levels before the October 1 price support boost.

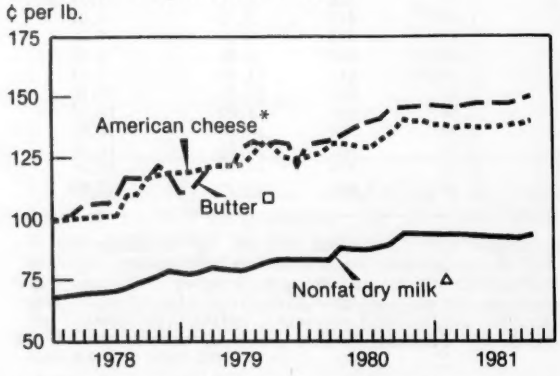
In early December, Grade A butter in Chicago was quoted at about $1.49 a pound, up a penny from a year earlier. Nonfat dry milk (high heat, Central States area) was priced at about 93 cents a pound—nearly unchanged from last year. At $1.34 a pound, the price of cheddar cheese in 500-pound barrels (Wisconsin assembly points) also remained unchanged from last year, while 40-pound blocks were quoted at about $1.40 per pound, nearly unchanged. Edible dry whey (nonhygroscopic, Central States area) was priced at 15 cents a pound in early December down 9 cents from a year ago.

Retail Price Rises Continue to Slow

Throughout 1981 the monthly retail price index for dairy has been higher than year-earlier levels, but the difference has narrowed. During October, the BLS index of retail dairy prices stood at 244.6 (1967 = 100), up 5 percent from a year ago, but up less than 2 percent from the first of the year. For the year, retail prices likely will average about 7.5 percent above 1980. In 1982, retail dairy prices are expected to rise again, but the rate of gain is expected to slow, and prices will probably average only around 3 to 5 percent above 1981. Farm-to-retail marketing costs will contribute most of the increase.

The retail price reported by BLS in October for a half-gallon of whole milk was $1.124, up 5 percent from a year ago and up slightly from June. The butter price of $1.997 a pound was 1-1/2 percent above last year and up less than 1 cent since January. Meanwhile, the average retail price for ice cream was $2.042 a half-gallon, up nearly 9 percent from October 1980.

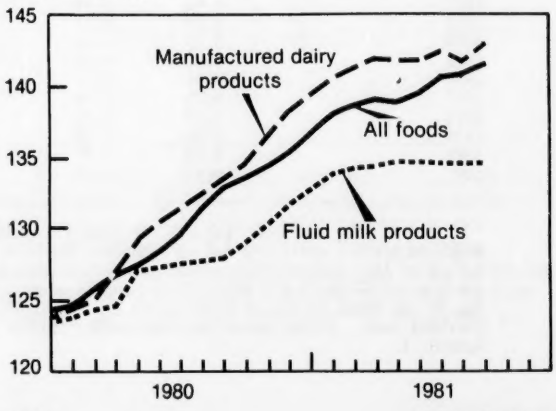
Wholesale Dairy Product Prices



□ Grade AA Chicago. *40-lb. block, Wisconsin assembly points.
△ High-heat, central-states.

USDA Neg. ERS 79-81(12)

Retail Food and Dairy Products Prices



USDA Neg. ERS 38-81(12)

Table 5--Milk marketings and cash receipts, United States, selected years, 1960--80 1/

Year	Milk marketed by farmers					Cash receipts from milk marketed by farmers			
	Milk used on farms where produced	Sold to plants and dealers: As whole milk	Sold to plants and dealers: As farm separated cream	Retailed by farmers as milk and cream	Total	Milk sold to plants and dealers	Cream sold to plants and dealers	Retailed by farmers	Total
	Billion pounds					Billion dollars			
1960	9.2	103.9	7.9	2.1	114.0	4.4	0.2	0.2	4.8
1965	6.0	112.7	3.7	1.8	118.2	4.8	.1	.2	5.0
1966	5.5	109.7	3.0	1.7	114.4	5.3	.1	.2	5.5
1967	5.2	109.4	2.4	1.8	113.6	5.5	.1	.2	5.7
1968	4.7	108.8	2.0	1.8	112.6	5.7	2/	.2	6.0
1969	4.3	108.5	1.6	1.7	111.8	6.0	2/	.2	6.2
1970	4.0	110.1	1.2	1.7	113.0	6.3	2/	.2	6.5
1971	3.8	112.1	1.0	1.6	114.8	6.6	2/	.2	6.8
1972	3.5	114.2	.8	1.5	116.5	6.9	2/	.2	7.1
1973	3.4	109.9	.7	1.5	112.1	7.9	2/	.2	8.1
1974	3.2	110.4	.4	1.5	112.4	9.2	2/	.3	9.4
1975	3.1	110.5	.3	1.6	112.3	9.7	2/	.3	9.9
1976	3.0	115.5	.2	1.5	117.2	11.2	2/	.3	11.4
1977	2.8	118.2	.2	1.5	119.8	11.5	2/	.3	11.7
1978	2.7	117.2	.1	1.5	118.8	12.4	2/	.3	12.7
1979	2.5	119.4	3/	1.5	120.9	14.4	2/	.3	14.7
1980 4/	2.3	124.5	3/	1.5	126.1	16.3	2/	.3	16.6
1981 5/	2.2	128.5	3/	1.6	130.1	18.0	2/	.4	18.4

1/ Totals may not add due to rounding.
2/ Less than $50 million
3/ Discontinued series.
4/ Preliminary.
5/ Estimated.

Retail dairy product prices

Item	Unit	Oct. 1980	Jan. 1981	June 1981	Oct. 1981
All dairy products	1967=100	232.7	240.1	243.8	244.6
Milk, fresh whole, fortified	$^1/2$ gal.	1.067	1.104	1.119	1.124
Milk, fresh skim	$^1/2$ gal.	.939	.954	.980	.988
Milk, fresh lowfat	$^1/2$ gal.	1.036	1.070	1.065	1.060
Butter, salted Grade AA, sticks	$/lb.	1.967	1.992	1.989	1.997
Ice cream, pre-packaged, bulk, regular	$^1/2$ gal.	1.879	1.938	2.006	2.032
Yogurt, natural fruit flavored	$^1/2$ pt.	.474	.491	.489	.511

UTILIZATION

Manufactured Product Output Heavy

Manufactured dairy products during August-October, (on a milk equivalent, fat-solids basis) used about 900 million pounds (5.4 percent) more raw milk than in the same months of 1980. From January through October, manufactured dairy products used the equivalent of about 3.5 billion pounds more milk, a gain of 5.8 percent from year-earlier use. With both on-farm use and fluid sales down only slightly, the increase in manufactured products primarily reflected larger milk production. Of the 3.5 billion more pounds of raw milk used, 3.3 billion was made into butter-powder and American cheese, products USDA purchases under the dairy price support program.

Production of selected manufactured dairy products, 1980-81

Item	January-Oct.		Change from year earlier	
	1980		1981[1]	
	Million pounds	*Percent*		
Butter	956.9	1,033.7	+16.0	+8.0
Cheese:				
American	1,993.1	2,176.5	+7.6	+9.2
Other	1,318.4	1,336.3	+4.1	+1.4
Cottage, creamed	705.6	657.5	-1.4	-6.8
Canned milk	613.7	623.2	-9.5	+1.5
Dry whole milk	68.3	74.8	-4.6	+9.5
Ice Cream (Mil. gal.)	719.2	716.2	+2.3	-.4
Milk equivalent[2]	60,455	63,952	+7.9	+5.8
Nonfat dry milk	1,002.0	1,107.9	+28.4	+10.6

[1]Preliminary. [2]Total all reported manufactured products.

Use Continues to Improve

Preliminary data for commercial use of dairy products (milk equivalent, fat-solids basis) during July-September show use up 2.7 percent from a year earlier (table 7). Including use during the first quarter (down 6.1 percent) and the second quarter (up 6.2 percent), disappearance for the first 9 months was up almost 1 percent from a year earlier. However, some of the gain during September may have been the result of retailers buying more before the beginning of the new marketing year (and expected higher purchase prices) than last September. If that was the case, October use may be weak.

However, increased sales of dairy products may result from the current oversupply as farm and wholesale prices stay relatively stable and consumers face only small increases in retail prices. Thus, use may improve slightly this fall, leaving disappearance for the year up a bit more than 1 percent.

First-quarter 1981 use was weak, so more normal sales in January-March 1982 would start the year well above 1981. Following 2 years of relatively slow dairy product sales, use in 1982 may rise around 2 percent from 1981. However, this would still be only 1.5 percent above 1979. Such an increase would result from relatively small retail prices gains throughout 1982, and an improving general economy and consumer income picture during the second half of the year.

Sales of butter during January-September totaled 633 million pounds, down 8 million (1 percent) from last year (table 8). Commercial use of American cheese totaled 1,553 million pounds, an increase of 65 million (4.5 percent), while other cheese sales came to 1,334 million pounds, a gain of 50 million (3.9 percent).

Through September, sales of fluid milk products in major markets were down around half a percent from year-earlier levels, as increased sales of low-fat products failed to offset continued declines in whole milk sales.

Table 6--Utilization of milk supply, United States, selected years, 1960-81 1/

Year	Fluid	Butter, net	Cheese			Evaporated and condensed whole milk	Dry whole milk	Frozen dairy products, net	Other factory products	Total factory products 2/	Miscellaneous 3/
			American	Other	Creamed cottage						
	Billion pounds										
1960	53.0	29.4	9.7	3.7	1.0	5.5	0.7	9.5	0.4	59.8	1.2
1965	55.4	28.5	11.5	4.3	1.0	4.6	.7	10.6	.6	61.8	1.2
1966	55.4	23.7	12.2	4.5	1.0	4.7	.7	10.5	.6	57.9	2.5
1967	54.0	26.1	12.7	4.5	1.0	4.0	.5	10.5	.3	59.8	1.2
1968	53.7	24.9	12.7	4.7	1.1	3.9	.6	11.0	.4	59.2	-.2
1969	52.8	23.7	12.7	4.9	1.2	3.9	.5	11.0	.4	58.3	1.0
1970	52.0	23.9	14.2	5.3	1.3	3.3	.5	11.0	.5	60.0	1.5
1971	51.9	23.9	15.1	5.8	1.3	3.2	.5	11.0	.7	61.6	1.5
1972	53.2	22.7	16.4	6.4	1.3	3.1	.6	11.0	.8	62.3	1.1
1973	52.4	18.6	16.8	6.8	1.1	2.9	.6	11.1	.7	58.7	1.9
1974	50.5	19.3	18.6	7.1	1.0	2.8	.5	11.2	.8	61.3	.7
1975	51.1	19.9	16.5	7.4	1.0	2.7	.5	11.9	.7	60.5	.8
1976	51.5	19.4	20.6	8.2	1.1	2.5	.6	11.6	.7	64.7	1.3
1977	51.4	21.9	20.5	8.4	1.1	2.4	.5	11.7	.7	67.1	1.6
1978	51.2	19.7	20.7	9.2	1.1	2.3	.5	11.7	.7	65.9	1.9
1979	51.4	19.4	21.9	9.7	1.0	2.3	.6	11.7	1.8	68.4	1.4
1980 4/	50.9	22.8	23.8	10.2	1.0	2.1	.6	11.9	1.7	74.1	1.3
1981 5/	50.6	24.7	26.0	10.5	1.0	2.1	.6	11.8	1.7	78.4	1.3

1/ Total supply includes milk marketed by farmers, net imports of ingredients such as frozen cream, "ice cream", and butterfat-sugar mixtures, and net changes in storage cream, milk equivalent fat solids basis. 2/ May not add due to rounding. 3/ Residual, including miscellaneous minor use and any inaccuracies of independently determined use items. 4/ Preliminary. 5/ Estimated.

Table 7--Commercial disappearance: Total milk, annual and by quarters, 1979-81 1/

Item	1979	1980					1981 2/				
		By quarters				Annual	By quarters				Annual
		1st	2nd	3rd	4th		1st	2nd	3rd.	4th	
		Billion pounds									
Production	123.4	31.2	34.0	32.2	31.0	128.4	32.3	35.2	33.0		
Farm use	2.5	.6	.6	.6	.6	2.3	.6	.6	.6		
Marketings	120.9	30.6	33.4	31.6	30.4	126.1	31.7	34.6	32.4		
Beginning commercial stocks	4.5	5.4	5.6	6.3	6.1	5.4	5.8	6.0	5.9		
Imports	2.3	.4	.4	.5	.9	2.1	.4	.5	.6		
Total supply	127.7	36.4	39.4	38.4	37.4	133.6	37.9	41.1	38.9		
Ending commercial stocks	5.4	5.6	6.3	6.1	5.8	5.8	6.0	5.9	5.2		
Net removals	2.1	1.5	4.4	1.5	1.4	8.8	4.3	4.8	2.1		
Commercial disappearnace Actual	120.2	29.3	28.7	30.8	30.2	119.1	27.6	30.4	31.6		
Percent change 3/	+1.2	4/+.6	-5.0	+0.1	-0.5	-0.9	4/-5.0	+6.2	+2.7		

1/ Milk equivalent, fat solids basis. Totals may not add due to rounding.
2/ Preliminary.
3/ From year earlier using unrounded data.
4/ On a daily average basis.

Table 8--Commercial disappearance: Selected dairy products, United States, annual 1970-80, quarters, 1980-81 1/

Year and quarter	Butter 2/	Cheese		Nonfat dry milk	Canned milk	Frozen products 4/
		American 3/	Other			
	Million pounds					Million gallon
1970	898.2	1,398.0	909.1	983.2	1,213.8	1,097.3
1971	847.1	1,454.8	987.0	981.8	1,186.9	1,102.4
1972	885.4	1,595.7	1,127.8	919.2	1,102.6	1,108.6
1973	855.6	1,677.1	1,210.2	1,110.1	1,056.7	1,118.6
1974	929.9	1,780.6	1,276.5	809.9	999.5	1,128.0
1975	951.0	1,717.1	1,331.9	697.0	923.9	1,183.9
1976	919.0	1,920.9	1,458.0	719.2	899.0	1,154.0
1977	859.8	1,958.8	1,512.3	682.2	775.2	1,167.6
1978	903.5	2,064.7	1,655.5	658.4	776.1	1,173.5
1979	895.0	2,113.1	1,730.4	603.1	773.7	1,152.1
1980	878.8	2,023.9	1,827.9	538.9	732.5	1,166.1
1980 - 1st	250.4	515.2	421.3	159.8	176.9	255.8
2nd	161.3	501.6	424.7	79.4	160.7	320.0
3rd	229.3	471.2	438.3	186.9	170.0	349.6
4th	237.9	535.4	543.8	112.7	225.0	240.7
1981 - 1st	190.0	502.4	433.7	97.0	179.1	251.9
2nd	215.3	518.3	444.8	84.6	158.4	325.6
3rd	227.6	531.3	455.6	158.8	168.5	344.1
4th						
	1980-81 percent change					
1st 5/	-23.1	-1.3	+4.0	-38.3	+2.4	-1.5
2nd.	+33.5	+3.3	+4.7	+6.5	-1.4	+1.7
3rd.	-.7	+12.8	+3.9	-15.0	-.9	-1.6
4th.						

1/ Totals may not add due to rounding. 2/ Imports include butter equivalent of butteroil. 3/ Imports include Colby cheese; stocks do not include processed cheese. 4/ Excludes Mellorine. 5/ On a daily average basis.

Wisconsin out-of-state milk shipments

Month	1980		1981	
	Loads	Volume	Loads	Volume
	Number	*Thousand pounds*	*Number*	*Thousand pounds*
January	156	7,332	4	188
February	70	3,290	7	329
March	20	940	2	94
April	0	0	0	0
May	0	0	0	0
June	0	0	0	0
July	119	5,593	48	2,256
August	146	6,862	41	1,927
September	190	8,930	118	5,546
October	67	3,149	25	1,175
November	8	376	40	1,880
December	6	282		
Total	782	36,754		

Dairy product stocks

Item	Nov. 1 1979	Nov. 1 1980	Nov. 1 1981
		Million pounds	
Commercial:			
Butter	44.0	52.4	48.9
American cheese	435.2	409.5	362.8
Other cheese	100.0	106.5	90.8
Nonfat dry milk	92.9	75.3	85.4
Milkfat	217.5	215.6	192.0
Solids-not-fat	276.8	248.4	237.4
Milk equivalent	6,174	6,073	5,411
Government:			
Butter	156.5	249.1	414.7
American cheese	1.3	163.7	505.1
Nonfat dry milk	423.6	500.2	751.4
Milkfat	126.4	253.4	496.5
Solids-not-fat	407.9	531.7	878.7
Milk equivalent	3,246	6,764	13,556

Changes in dairy sales from year earlier

Item	Change		
	Jan.-Mar.	Apr.-June	July-Sept.
		Percent	
Total milk[1]	-6.1	+6.2	+2.7
Manufactured products:			
American cheese	-2.5	+3.3	+13.2
Other cheese	+2.9	+4.7	+4.0
Cottage cheese [2]	-4.8	-2.7	-4.5
Butter	-24.1	+33.5	-1.0
Ice cream	-1.7	+1.5	-1.1
Ice milk	-1.2	+1.5	-1.1
Canned milk	+.1	-1.4	-.9
Nonfat dry milk	-38.9	+6.5	-15.0
Fluid products	-.8	-.1	-1.0
Whole milk	-4.8	-3.5	-2.9
Skim and lowfat milk	+4.8	+4.5	+1.9
Cream and mixtures	+0.2	+2.5	/3/+3.2

[1]On a milk equivalent, fat-solids basis. [2] Creamed and lowfat. [3]July-Aug.

Commercial Stocks Down Sharply

Commercial stocks of dairy products this summer were below year-earlier levels. October 1 holdings of milkfat were down 15 percent from last year, while stocks of solids-not-fat were about 5 percent less. The decline in stocks held by the industry occurred as large quantities *of dairy products were moved to CCC this summer* because of heavy production, sluggish sales, and high storage costs. In addition, *October 1 stocks (at 5.2 billion* pounds milk equivalent) may have been drawn down because of the relatively heavy pre-buying by retailers. *Commercial* butter stocks on October 1 were down a fourth from a year earlier and were the lowest on that date since 1978. Industry stocks of American cheese on that date were the lowest since 1975, and were 13 percent below a year earlier.

Industry holdings of butter stocks increased from October 1 to November 1, but they remain relatively tight. Meanwhile, American cheese stocks declined slightly. If interest rates decline and sales strengthen as expected, commercial stock levels will be rebuilt—likely during the flush milk production period next spring.

Meanwhile, Government holdings of dairy products on a milk-equivalent basis totaled 13.6 billion pounds on November 1, an increase of 100 percent from a year earlier. Butter holdings were 415 million pounds—an increase of 66 percent from last year. However, butter stocks were down 61 million pounds from September 1, in part because some of the butter sold to Poland and New Zealand was moved out. Meanwhile, American cheese inventories were 505 million pounds, more than 3 times the holdings on November 1, 1980. Nonfat dry milk stocks totaled more than 750 million pounds, up 50 percent from last November.

USDA Purchases Remain Large

USDA purchases under the price support program during the first 11 months of 1981 totaled 12.2 billion pounds on a milk equivalent, fat-solids basis, compared with 8.4 billion during the same period of 1980. Government purchases were about 10 percent of estimated farm marketings of all milk. Through November, butter removals were 334 million pounds, compared with 257 million a year earlier. American cheese purchases totaled 535 million pounds, compared with 350 million last year. Purchases of nonfat dry milk were 787 million pounds, *versus 595 million last year.*

During October, USDA removed from the market *greater amounts of all three products than a year earlier.* This is not surprising, however, since supplies remained large and *products manufactured during the first 20 days*

Table 9--Milk equivalent: Domestic civilian disappearance, commercial and noncommercial sources, total and per capita, United States, 1955, 1960, and 1965-81

Year	Civilian disappearance					Total military utilization 2/	Consumption excluding donations from USDA supplies		
	Consumed on farms 1/	USDA donations to civilian channels	National School Lunch and Special Milk Programs	Commercial sources	All sources		Civilian	Military	Total
	Million pounds								
1955	11,359	3,102	1,394	98,697	114,552	3,329	111,450	2,627	114,077
1960	6,610	2,040	2,455	105,259	116,364	2,532	114,324	2,228	116,552
1965	3,913	3,593	3,215	107,978	118,699	2,819	115,106	2,387	117,493
1966	3,492	1,129	3,311	108,804	116,736	2,376	115,607	2,376	117,983
1967	3,152	3,113	3,338	103,812	113,415	2,117	110,302	2,117	112,419
1968	2,841	4,114	3,376	103,332	113,663	3,295	109,549	2,186	111,735
1969	2,570	4,545	3,435	102,682	113,232	2,696	108,687	2,051	110,738
1970	2,306	4,187	3,462	103,257	113,212	2,419	109,025	1,788	110,813
1971	2,117	4,526	3,494	103,782	113,919	2,031	109,393	1,608	111,001
1972	1,914	3,906	3,500	106,563	115,883	1,671	111,977	1,258	113,235
1973	1,766	3,521	3,500	106,721	115,508	1,257	111,987	1,257	113,244
1974	1,643	1,459	3,500	107,376	113,978	1,137	112,519	1,137	113,656
1975	1,505	2,280	3,500	108,138	115,423	1,075	113,143	1,075	114,218
1976	1,404	478	3,500	111,268	116,650	1,013	116,172	1,013	117,185
1977	1,295	2,986	3,500	110,395	118,176	996	115,190	996	116,186
1978	1,168	2,275	3,500	113,273	120,216	977	117,941	977	118,918
1979	1,031	2,310	3,500	115,385	122,226	1,163	119,916	1,163	121,079
1980 3/	950	3,635	3,500	114,125	122,210	1,049	118,575	1,049	119,624
1981 4/	900	4,000	3,500	113,600	122,000	1,050	118,000	1,050	119,050

	Per capita civilian disappearance 5/					Civilian consumption excluding donations from USDA supplies
	Consumed on farms 1/	USDA donations to civilian channels	National School Lunch and Special Milk Programs	Commercial sources	All sources	
	Pounds					
1955	70	19	9	608	706	687
1960	37	11	14	591	653	642
1965	20	19	17	564	620	601
1966	18	6	17	563	604	598
1967	16	16	17	532	581	565
1968	14	21	17	525	577	556
1969	13	23	17	516	569	546
1970	11	21	17	511	561	540
1971	10	22	17	507	556	534
1972	9	19	17	514	558	539
1973	8	17	17	509	551	534
1974	8	7	17	507	539	532
1975	7	11	16	506	540	529
1976	7	2	16	515	540	538
1977	6	14	16	506	542	528
1978	5	10	16	514	545	535
1979	5	10	16	517	548	538
1980 3/	4	16	16	506	542	526
1981 4/	4	18	15	499	536	523

1/ Includes a small amount of farm-churned butter sold. 2/ Includes any quantities used by military in civilian feeding programs abroad. 3/ Preliminary. 4/ Estimated. 5/ Aggregate in each category divided by total civilian population.

Table 10--Dairy products removed from the commercial market by programs of the U.S. Department of Agriculture, marketing years, 1965-80 1/

Marketing year beginning in: 2/	Removals 3/						Solids content of removals			
	Butter 4/	Cheddar cheese	Dry whole milk	Evaporated milk	Nonfat dry milk 5/	Milk equivalent	Milkfat	Solids-not-fat	As a percentage of marketings: Milkfat	As a percentage of marketings: Solids-not-fat
	Million pounds					Bil. lb.	Million pounds		Percent	
1965	126.3	21.2	---	---	880.5	2.9	114.8	854.9	2.6	8.7
1966	109.2	39.9	---	---	421.0	2.7	103.6	418.4	2.4	4.4
1967	246.5	175.1	---	---	633.4	7.0	259.3	665.7	6.2	7.0
1968	186.4	66.9	---	54.9	555.9	4.8	179.8	567.1	4.4	6.0
1969	182.1	30.6	---	107.5	357.6	4.4	167.4	374.6	4.1	3.9
1970	305.4	56.8	---	79.0	452.3	7.2	273.5	469.9	6.6	4.9
1971	262.4	87.0	0.6	102.0	463.5	6.6	250.7	494.1	5.9	5.0
1972	220.2	20.1	1.5	81.2	259.9	5.0	192.4	274.1	4.5	2.8
1973	26.1	4.9	3.4	50.0	41.6	.7	27.7	53.2	.7	.6
1974	66.9	93.5	.9	33.7	393.6	2.4	89.6	414.8	2.2	4.3
1975	26.1	33.3	---	24.5	274.8	.9	35.6	279.3	.9	2.9
1976	114.9	96.9	---	16.5	186.4	3.4	126.3	213.3	2.9	2.1
1977 6/	133.9	87.4	---	9.7	345.5	3.6	139.1	362.4	---	---
1977	134.6	41.6	---	17.4	338.5	3.2	125.5	342.9	2.9	3.3
1978	46.2	12.1	---	17.4	202.5	1.1	43.9	202.1	1.0	2.0
1979	233.0	335.6	---	15.4	592.2	8.2	301.0	678.2	6.8	6.5
1980	356.5	532.1	---	20.2	786.9	12.7	465.4	928.1	10.1	8.6

1/ For earlier years see DS-335, May 1971, page 22. 2/ Start of marketing year April 1, 1965-77, October 1, 1977 to present. 3/ Delivery basis after domestic unrestricted sales. Includes purchases of butter, cheese, evaporated milk, and nonfat dry milk under Section 709 and Section 4(a). 4/ Includes butter equivalent of anhydrous milkfat, and PIK purchases. 5/ Includes PIK certificates issued; beginning January 1972, also includes Title I exports originating from private stocks. 6/ April-September transition period.

Table 11--Net Government expenditures on dairy support and related programs, *fiscal years, 1950-81*

Year beginning July 1	Net support purchases 1/	Military milk 2/	Section 32 3/	Section 709 4/	Section 4(a) 4/	Export assistance 5/	Total (excluding special milk)	Special milk program 6/
				Million dollars				
1949-50	170.5	---	17.6	---	---	---	188.1	---
1950-51	7/-49.1	---	8/-.9	---	---	---	7/-50.1	---
1951-52	1.6	---	7.5	---	---	---	9.1	---
1952-53	274.9	---	25.1	---	---	---	300.0	---
1953-54	400.4	---	74.0	---	---	---	474.4	---
1954-55	228.7	4.3	24.4	---	---	---	257.4	22.2
1955-56	237.9	7.3	39.0	---	---	---	284.2	48.2
1956-57	239.1	16.4	75.6	---	---	---	331.1	61.0
1957-58	205.9	30.4	123.7	---	---	---	360.0	66.7
1958-59	102.1	23.0	106.2	---	---	---	231.2	74.7
1959-60	159.5	23.6	35.1	---	---	---	218.2	81.2
1960-61	173.9	25.3	82.1	---	--	---	281.3	87.0
1961-62	539.0	25.9	47.1	---	---	---	612.0	91.7
1962-63	454.0	24.8	---	---	---	6.7	485.5	93.7
1963-64	311.7	26.5	4.4	---	---	36.5	379.1	97.1
1964-65	157.2	26.2	105.6	---	---	44.7	333.7	86.5
1965-66	26.1	---	38.7	---	---	3.8	68.6	97.0
1966-67	283.9	---	.9	14.2	---	18.4	317.4	96.1
1967-68	357.1	---	---	---	---	7.1	364.2	103.1
1968-69	268.8	---	45.4	---	---	13.1	327.3	101.9
1969-70	168.6	---	107.1	7.8	---	7.4	290.9	102.9
1970-71	315.4	---	91.6	3.2	---	11.6	412.8	91.8
1971-72	267.0	---	63.9	---	---	7.3	338.2	93.6
1972-73	135.8	---	15.4	0.1	---	1.5	152.8	90.8
1973-74	31.4	---	10.8	13.7	15.0	---	70.9	50.2
1974-75	485.8	---	6.5	---	3.8	---	496.1	122.9
1975-76	69.6	---	4.1	---	2.8	---	76.5	144.0
Transition quarter*	43.5	---	1.0	---	---	---	44.5	25.5
1976-77	709.8	---	---	---	4.5	---	714.3	109.7
1977-78	446.4	---	---	---	5.0	---	451.4	137.8
1978-79	244.3	---	---	---	6.3	---	250.6	134.1
1979-80	1,274.0	---	---	---	5.8	---	**1,279.8	156.8
1980-81	1,976.2	---	---	---	7.5	---	1,974.7	118.8

1/ CCC support purchases and related costs (for processing, packaging, transporting and storing) of dairy products, less products from sales to commercial buyers for domestic use and for export, U.S. military agencies, foreign government and private welfare agencies, and Section 32 programs. 2/ CCC reimbursements to U.S. military agencies, Veterans' Administration and other participants. 3/ Expenditures of Section 32 funds to buy dairy products in the market and from CCC for school lunch and welfare uses. 4/ Purchases of dairy products at market prices under Sec. 709 of the Food and Agriculture Act of 1965 and under Sec. 4(a) of the Agriculture and Consumer Protection Act of 1973, for domestic school lunch and welfare uses. 5/ Value of Payment-in-kind certificates issued by CCC on exports of nonfat dry milk, butter and other high-milkfat products, and CCC cost of exports under Title I, P.L. 480 of dairy products not originating in CCC stocks. 6/ Expenditures under the program to increase milk consumption by children in schools, child-care centers, and similar institutions. 7/ Net receipt due to sales exceeding purchases. 8/ Receipt due to adjustment. * Start of fiscal year moved to October 1 in 1976. ** Revised.

SOURCE: Agricultural Stabilization and Conservation Service, USDA; Rita Harrison, 202-382-9094.

Table 12--USDA expenditures for dairy products, fiscal year ending September 30, 1980**

Item	Value						Quantity			
	Butter and butter products	Cheese: American	Cheese: Mozzarella	Nonfat dry milk	Condensed and evaporated milk	Total	Butter and butter products	Cheese: American	Cheese: Mozzarella	Nonfat dry milk
	Million dollars						Million pounds			
CCC outlays										
Purchases	326.1	418.8	24.1	493.4		1,262.4	236.2	310.1	18.8	559.4
Storage, handling	6.5	2.0	---	5.3		13.8				
Transportation	6.6	6.3	0.8	13.1		26.8				
Processing, packaging	4.2	2.5	1/28.2	15.4		50.3				
Total carrying charges	17.3	10.8	29.0	33.8		90.9				
Total outlays	343.4	429.6	53.1	527.2		1,353.3				
Sales proceeds										
Dollars sales	1.1	0.4	---	2/59.6		2/61.1	1.3	0.3	---	163.8
Donations-Schools and needy	92.0	54.6	32.0	22.9		201.5	65.4	41.4	22.4	30.7
P.L. 480, Title II	---	---	---	20.7		20.7	---	---	---	128.9
Transferred to CSM	---	---	---	3/56.8		3/56.8	---	---	---	38.6
Other receipts	0.4	0.2	---	1.5		2.1	0.3	0.2	---	2.3
Total	93.5	55.2	32.0	161.5		342.2	67.0	41.9	22.4	364.3
Expenditures										
CCC net expenditures	249.9	374.4	21.1	365.7	---	1,011.1				
Section 4(a)	---	---	---	---	5.8	5.8				
P.L. 480, Title II	---	---	---	4/26.2	---	4/26.2				
Donations-Schools and needy	92.0	54.6	32.0	22.9	---	201.5				
Unrecovered cost transferred to CSM	---	---	---	35.2	---	35.2				
USDA net expenditures	341.9	429.0	53.1	450.0	5.8	1,279.8				

1/ The cost to process 19.8 million pounds of CCC-owned NDM into Mozzarella cheese. 2/ Includes $1.2 million, the value of sales to Army for export. 3/ Includes $41.4 million inventory value (based on average purchase price) of NDM used in manufacture of CSM. 4/ Includes $6.2 million Title II NDM sales proceeds included in CSM, minus $0.7 million claims recovered on NDM damaged during export. 5/ Less than 50,000 pounds. ** Revised.

SOURCE: USDA/ASCS/Rita Harrison, 202-382-9094.

Table 13--USDA expenditures for dairy products, fiscal year ending September 30, 1981

Item	Value						Quantity			
	Butter and butter products	Cheese: American	Cheese: Mozzarella	Nonfat dry milk	Condensed and evaporated milk	Total	Butter and butter products	Cheese: American	Cheese: Mozzarella	Nonfat dry milk
	Million dollars						Million pounds			
CCC outlays										
Purchases	527.6	741.6	26.3	695.2		1,990.7	353.3	509.2	19.5	738.3
Storage,	15.0	12.5	1/	8.6		36.1				
Transportation	11.6	17.4	0.6	20.3		49.9				
Processing, packaging	4.9	14.8	---	4.4		24.1				
Total carrying charges	31.5	44.7	0.6	33.3		110.1				
Total outlays	559.1	786.3	26.9	728.5		2,100.8				
Sales proceeds										
Sales	1.8	4.8	---	120.2		126.8	25.0	3.1	---	235.8
Donations-Schools and needy	0.4	2/-16.6	26.7	2/-6.3		2/4.2	0.9	2/-12.5	19.3	2/-7.3
P.L. 480, Title II	---	---	---	40.2		40.2	---	---	---	218.6
Transferred to CSM	---	---	---	3/33.9		3/33.9	---	---	---	40.0
Other receipts	0.3	0.4	---	1.2		1.9	0.2	0.4	---	1.5
Total	2.5	2/-11.4	26.7	189.2		207.0	26.1	2/-9.0	19.3	488.6
Expenditures										
CCC net expenditures	556.6	797.7	0.2	539.3	---	1,893.8				
Section 4(a)	---	---	---	---	7.5	7.5				
P.L. 480, Title II	---	---	---	4/47.1	---	4/47.1				
Donations-Schools and needy	0.4	2/-16.6	26.8	2/-6.3	---	2/4.2				
Unrecovered cost transferred to CSM	---	---	---	22.1	---	22.1				
USDA net expenditures	557.0	781.1	27.0	602.2	7.5	1,974.7				

1/ Less than $50,000. 2/ Reflects FY 1980 sales to FNS reclassified as domestic donations. 3/ Includes $29.5 million inventory value (based on average purchase price) of NDM used in manufacture of CSM. 4/ Includes $7.4 million Title II NDM sales proceeds included in CSM, minus $0.5 million claims recovered on NDM damaged during export.

SOURCE: USDA/ASCS/Rita Harrison, 202-382-9094.

Table 14--Commodity Credit Corporation, net realized losses (expense) and net expenditures for dairy price support, fiscal years 1980 and 1981

Item	Fiscal year 1980		Fiscal year 1981	
	Expense	Outlays	Expense	Outlays
	Thousand dollars			
Expense/Gross Outlay				
Purchases	---	1,262,386	---	1,990,657
Storage and handling	13,831	13,831	36,094	36,094
Transportation	26,775	26,775	49,859	49,859
Processing and packaging	---	22,125	---	23,926
Sales (cost basis)	414,169	---	447,105	---
Donations (cost basis)	145,324	---	404,459	---
Other expense or outlays	105	105	268	268
Subtotal	600,204	1,325,222	937,785	2,100,804
	Income	Receipts	Income	Receipts
Offsetting Income/Receipts				
Proceeds from sales	-285,415	-285,415	-172,919	-172,919
Net transfers to blended foods	---	-28,445	---	-33,768
Other income or receipts	-286	-286	-284	-284
Subtotal	-285,701	-314,146	-173,203	-206,971
Net Realized Loss or Net Expenditure	314,503	1,011,076	764,582	1,893,833

Note: Expense items minus income items equal net realized loss (expense concept), and gross outlay items minus receipt items equal net expenditures (expenditure concept).

USDA dairy purchases[1]

Item	January-November		
	1980	1981	Change
	Million pounds		*Percent*
Butter	239.2	333.6	+39.5
American cheese	328.7	535.0	+62.8
Nonfat dry milk	595.1	787.0	+32.2
Evaporated milk	15.2	17.5	+15.1
Milk equivalent	8,219	12,213	+48.6

[1]Deliveries minus unrestricted sales.

Uncommitted CCC stocks

Item	December 1	
	1980	1981
	Million pounds	
Butter	274.1	205.7
American cheese	184.0	553.6
Nonfat dry milk	521.4	843.9

of October could be sold to CCC during the month at the temporarily higher purchase prices. In November, purchases of butter fell sharply as commercial stocks were partly rebuilt. Purchases of all three products likely will continue heavy in 1982—although they may slow late in the year if production adjustments occur.

FOREIGN TRADE AND TRENDS

Dairy Import Pace Slows

Dairy product imports by the United States during August were, on a milk equivalent, fat-solids basis, 3 percent below a year earlier—the first time since January that they have been down from year-earlier levels. Imports during September also declined, by about 12 percent(table 15). The sharp increase in July offset these declines leaving milk equivalent imports for July-September at 576 million pounds, 14 percent more than third-quarter 1980. For January-September, milk equivalent imports were up 18 percent.

This slowing in the rate of imports reflects a more even distribution of imports over the whole year, after 2 years of extraordinarily heavy imports during the last months of the year. These extra heavy shipments in the later quarters of both 1979 and 1980 can be attributed, respectively, to the fear of imposition of countervailing duties in early 1980 and to the delay in 1980 license issuance. There has also been a greater delay in imports from New Zealand, due to its production problems. Finally, the weak economic conditions in the United States may be a factor in recent lower imports. Nonetheless, imports for all of 1981 are expected to exceed the 1980 level.

Quota cheese imports, which were up about a third during January-July, were up about a sixth through September. Most of the slowing was because American-type, blue-mold, and 'other' cheese imports were relatively small during August-September. During the first 9 months of 1981, imports of cheese subject to quota were only slightly below year-earlier levels. Casein and lactose imports were both larger during September than a year earlier, leaving January-September imports of the two down about a fifth and a third, respectively.

World Milk Output

For the 36 major milk-producing countries of the world, cow's milk production in 1981 is expected to be up slightly from the 1980 output of nearly 382 million metric tons (842 billion pounds). Milk production may be up 6 percent for India and will likely increase about 3 percent for the United States. Gains of over 2 percent are expected for Canada and Brazil. However, several important milk-producing areas are experiencing difficulties. Output continued to decline during 1981 in the Soviet Union as that country again suffered from feed grain and forage supply problems. Poland experienced feed supply problems early in 1981 and reduced their cow inventory, thus milk production for the year will likely be down 4 percent. In addition, production in New Zealand and Australia during the 1980/81 marketing year declined as weather conditions hurt pastures, and output per cow dropped, particularly in Australia. For the 10 European Community (EC) countries, which account for nearly 30 percent of world milk output, cow numbers have declined, while output per cow increased. Thus, total EC milk output appears to have nearly stabilized, with less than a 1 percent gain expected for both 1981 and 1982. Next year world milk output is expected to

U.S. dairy trade (milk equivalent)

Year and quarters	Imports		Exports	Shipments[1]
	Cheese	Other		
	Million pounds			
1980				
1st	224	142	108	135
2nd	321	35	88	139
3rd	489	18	291	142
4th	832	46	405	146
Year[2]	1,866	241	892	562
1981				
1st	306	97	224	162
2nd	393	75	669	138
3rd	451	125	898	155

[1]To U.S. territories. [2]May not add due to rounding.

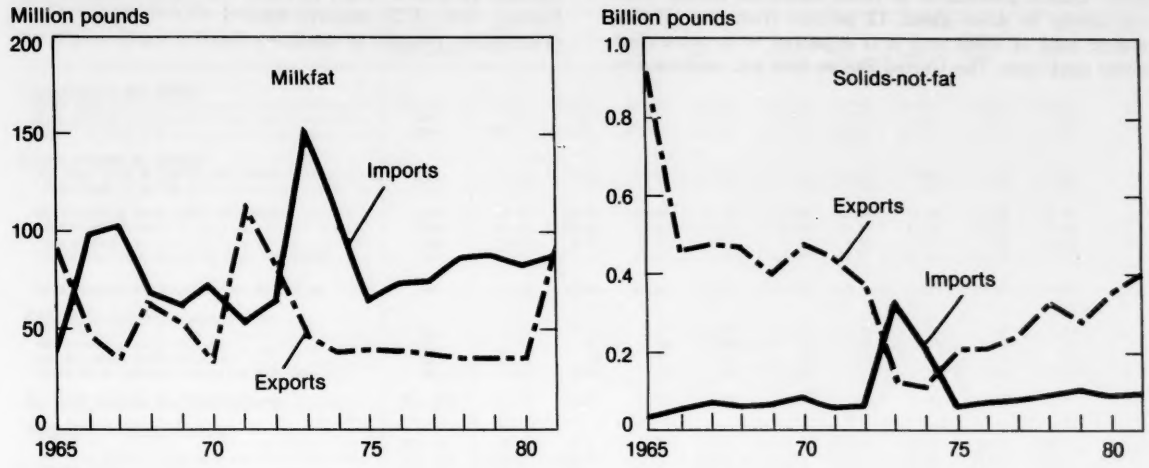
Table 15--Dairy Products: U.S. imports, quota and non-quota, total 1980, and January-September, 1980-81 1/

Product	Calendar year quota	1980 imports	September			Cumulative, January-September		
			1980	1981	1981 as a % of 1980	1980	1981	1981 as a % of 1981
		Thousand pounds			Percent	Thousand pounds		Percent
Cheese, quota types								
American-Cheddar	12,205.3	10,710	2,143	419	20	6,843	7,104	104
-Other	7,545.4	7,367	380	1,139	300	1,463	2,963	203
Italian-Original loaves	12,374.4	5,998	485	319	66	4,172	4,152	100
-Other	1,550.0	1,059	23	8	35	628	448	71
Edam and Gouda-Natural	9,208.6	8,572	875	641	73	5,313	6,895	130
-Processed	3,151.3	2,019	260	243	93	922	1,621	176
Blue Mold	5,469.6	4,388	533	504	95	2,732	3,191	117
Swiss-Emmenthaler	70,278.1	66,608	6,291	6,136	98	37,827	45,227	120
-Gruyere process	16,479.0	14,060	1,432	1,894	132	9,426	9,061	96
Other-Over 0.5% fat	89,466.8	67,370	8,988	6,059	67	30,526	32,846	108
-Under 0.5% fat	12,621.1	7,194	745	1,075	144	2,552	6,906	271
Total	240,349.6	195,345	22,155	18,437	83	102,405	120,415	118
Cheese, non-quota types								
Other cow's milk cheeses 2/		12,200	762	1,374	180	8,291	8,377	101
Miscellaneous 3/		905	171	66	39	572	618	108
Pecorino		21,433	1,735	1,952	112	14,371	14,477	101
Roquefort		1,278	85	175	206	897	941	105
Total		35,816	2,753	3,567	130	24,130	24,413	97
Total cheese, Quota and Non-quota	240,349.6	231,161	24,908	22,004	88	126,535	144,828	114
Other quota products								
Butter	707.0	586	15	35	233	342	4/1,208	353
Butteroil	1,200.0	1,200	---	---	---	1,200	1,200	100
Butterfat mixtures	2,580.0	4/2,676	---	---	---	1,535	1,204	78
Ice cream	3,377.3	1,174	---	---	---	1,159	---	5/
Frozen cream	12,540.0	9,849	112	112	100	8,468	8,748	103
Nonfat dry milk	1,807.0	4/4,890	97	133	137	4/4,737	4/2,142	45
Dried buttermilk and whey	496.0	4/498	80	---	5/	259	255	98
Evaporated milk	1,312.0	1	---	288	6/	1	4/3,654	6/
Condensed milk	4,079.0	418	---	---	---	237	290	122
Chocolate crumb-Regular	21,409.0	14,480	1,261	894	71	10,911	9,001	82
-Lowfat	4,680.0	1,888	240	5/	5/	1,248	728	58
Animal feed with milk solids	16,300.0	14,487	2,816	5,128	182	11,354	12,128	107
Non-quota products								
Casein		151,226	7,811	10,168	130	115,585	94,667	82
Lactose		3,044	193	294	152	2,462	1,688	69
Milk equivalent, fat solids basis, total all products	2,234,270	2,106,843	206,671	178,895	87	1,228,926	7/1,447,722	118

1/ Preliminary. 2/ Primarily soft, ripened cheeses. 3/ Gjetost, Bryndza, Gammelost and Noekkelost, and Goya. 4/ Probable error in reported data. 5/ Less than 1. 6/ More than 1,000. 7/ Includes 88 million pounds milk equivalent imports of dry whole milk--a probable error in reported data.

SOURCE: U.S. Department of Commerce, Bureau of the Census.

Dairy Imports and Exports



1981 forecast.

increase about 1 percent from year-earlier levels, with more normal weather conditions anticipated for Australia. Output in the Soviet Union is not expected to show much gain from 1981's outturn.

Butter

World butter output for 1981, at 5.9 million metric tons, is 2 percent below 1980, and prospects for 1982 are for only a slight gain. Meanwhile, butter use may decline slightly during 1982. Thus, ending stocks are expected to increase next year, with most of the gain in the United States. Counter to the world decline in 1981 production, U.S. butter output is expected to be up about 8 percent, reflecting the sharp rise in raw milk available. With commercial use down slightly, stocks owned by CCC increased rapidly during the first half of 1981, despite sale of 30,000 metric tons (66 million pounds) to Poland. Then, in August, the CCC sold 100,000 metric tons (220 million pounds), about half its inventory, to the New Zealand Dairy Board at $1,550 a metric ton (70.3 cents a pound), loaded at the warehouse. World butter prices are currently about $2,400 a metric ton ($1.09 a pound) for unsalted sweet butter, 82 percent fat, f.o.b. major European ports, while the U.S. support price for butter, lightly salted, 80 percent fat, at New York City, is $3,350 a metric ton ($1.52 a pound).

Nonfat Dry Milk

World production of nonfat dry milk (NDM) powder this year is expected to be about 4.2 million metric tons, only slightly above 1980. A 3 percent gain in output is anticipated for next year. With worldwide use expected to be little changed for 1981, stocks of NDM at year-end are likely to be up sharply from 1980 levels, and some additional increase in stocks is expected by the end of 1982. Most of the year-end stock increase this year will be in U.S. Government inventories. World prices of NDM are about $1,100 a metric ton (50 cents a pound), f.o.b. European ports, compared with a U.S. support price of $2,072 a metric ton (94 cents a pound).

Cheese

World cheese output for 1981 (excluding cottage cheese in most countries) is expected to total 9.1 million metric tons, up 2 percent, compared with a 4-percent gain posted in 1980. The 1982 outlook is for another 2-percent increase in cheese manufacture. For 1981, cheese use in the major dairy countries will likely be up less than output. Thus, stocks at year-end are expected to be up around a tenth. Again, like butter and NDM, the CCC cheese inventories will be up sharply and will account for most of the world stock increase. The world price of cheddar cheese ranges from $1,300 to $2,000 a metric ton (59 to 91 cents a pound), depending on destination, age, grade, etc. The U.S. support price for 40-pound blocks of cheddar cheese is $3,075 a metric ton, $1.395 a pound. Thus, if no significant Government sales for export occur and stocks grow as anticipated next year, the United States could end up in holding nearly half of the world cheese stocks by the end of 1982.

Casein

Most of the world's supply of casein is produced in eight countries, with New Zealand, France, and Poland

accounting for nearly two-thirds of the eight-country total. Casein production in those countries during 1981 will likely be down about 12 percent from the 203,000 metric tons of 1980, and it is expected to be somewhat lower next year. The United States does not produce any casein because fluid skim milk, the input into casein production, returns a larger revenue when made into NDM. During 1980, U.S. imports totaled 69,000 metric tons (151 million pounds) of casein—a third of world output.

Table 16--U.S. Dairy Situation at a Glance

Item	Unit or base period	1979	1980				1981			
		Oct.	Oct.	Nov.	Dec.	Year	May	Aug.	Sept.	Oct.
Production and cow numbers:										
Total milk	Mil. lb.	10,063	10,455	10,076	10,491	128,425	12,064	11,065	10,650	10,736
Milk per cow	Lb.	936	963	927	965	11,875	1,111	1,014	974	981
Number of milk cows	Thou.	10,754	10,861	10,868	10,872	10,815	10,862	10,911	10,929	10,940
Prices received by farmers:										
All milk, sold to plants, 100 pounds	Dol.	12.60	13.70	14.00	14.10	13.00	13.50	13.40	13.80	14.00
Percentage of parity 1/	Pct.	.73	.70	.71	.72	.72	.70	.68	.68	.67
Manufacturing grade milk, 100 pounds	Dol.	11.60	12.70	12.90	13.00	12.00	12.70	12.40	12.60	12.90
Parity equivalent	Dol.	14.44	16.46	16.63	16.63	16.00	17.89	17.98	17.98	17.89
Fat content	Pct.	3.76	3.78	3.82	3.83	3.67	3.60	3.53	3.64	3.79
Minnesota-Wisconsin (3.5% fat), 100 pounds	Dol.	11.25	12.42	12.52	12.61	11.88	12.61	12.47	12.46	12.52
Milk eligible for fluid market, 100 pounds	Dol.	12.80	13.90	14.10	14.30	13.20	13.70	13.70	14.00	14.20
Price ratios and dairy ration values:										
Milk-feed 2/	Lb.	1.55	1.42	1.40	1.38	1.47	1.35	1.43	1.48	1.53
Manufacturing grade milk-hog	Lb.	.34	.27	.28	.30	.32	.31	.25	.26	.29
Manufacturing grade milk-beef	Lb.	.18	.20	.22	.22	.19	.22	.21	.21	.23
Value of concentrate ration fed milk cows	Dol.	6.85	7.61	---	---	7.42	---	---	---	7.73
Farm cash receipts from dairy products	Mil. dol.	1,243	1,411	1,393	1,455	16,598	1,608	1,480	1,449	N.A.
Production of factory products:										
Butter	Mil. lb.	78.0	91.4	84.7	103.6	1,145.3	116.2	85.0	86.3	100.5
American cheese, whole milk	Mil. lb.	174.5	186.6	176.7	204.8	2,374.6	253.5	202.8	188.2	198.4
Cheese, other than American	Mil. lb.	133.6	145.6	140.5	149.7	1,608.5	133.4	131.0	136.3	140.4
Canned milk, unskimmed	Mil. lb.	59.8	51.5	50.3	60.7	724.7	65.2	68.0	60.1	57.0
Dry whole milk	Mil. lb.	5.7	8.0	7.4	6.9	82.7	8.5	7.6	8.4	9.2
Frozen products 3/	Mil. gal.	92.8	91.4	72.2	77.1	1,166.1	104.0	114.3	103.3	89.3
Creamed cottage cheese	Mil. lb.	71.2	67.6	59.4	57.6	822.6	66.4	66.5	64.6	62.5
Total whole milk equivalent 4/	Mil. lb.	5,291	5,731	5,235	5,997	71,687	7,052	6,179	5,837	5,902
Nonfat dry milk, human use	Mil. lb.	58.3	72.8	69.1	89.6	1,160.7	135.3	114.8	94.5	90.4
Wholesale prices:										
Butter, Grade A, Chicago, pound	Ct.	128.8	147.1	147.6	147.7	139.3	147.3	148.0	148.5	150.6
Cheese, American (40-pound blocks), f.o.b. Wisconsin assembling points, pound	Ct.	128.8	141.2	140.5	140.1	133.0	138.8	139.3	139.7	140.9
Evaporatod milk, case	Dol.	18.54	20.41	20.68	20.70	19.85	21.70	21.70	21.79	21.81
Dry whole milk, pound	Ct.	105.2	114.1	117.5	118.1	110.8	118.4	118.4	117.9	118.1
Nonfat dry milk, pound	Ct.	83.4	92.2	93.6	93.9	88.7	93.9	93.8	93.9	94.5
Dairy products (BLS)	1967=100	218.1	238.0	240.2	242.3	230.6	244.6	245.6	246.0	247.4
Retail prices (BLS):										
Consumer price index 5/	1967=100	225.4	253.9	256.2	258.4	246.8	269.0	276.5	279.3	279.9
All food 5/	1967=100	238.2	262.4	264.5	266.4	254.6	272.5	277.4	278.0	277.6
All dairy products 5/	1967=100	213.3	232.7	235.4	238.0	227.4	243.8	243.8	244.3	244.6
Fluid milk and cream	12/77=100	120.3	129.1	130.4	131.9	127.0	134.9	134.5	134.7	134.7
Whole milk	1967=100	197.6	211.3	213.3	216.2	208.4	220.8	220.2	220.0	220.2
Other	12/77=100	119.2	129.1	130.5	131.4	126.3	134.7	134.2	135.4	135.2
Manufactured dairy products	12/77=100	120.9	134.9	136.9	138.2	130.6	141.9	142.5	143.0	143.3
Butter	1967=100	213.3	238.9	241.5	241.0	228.0	245.2	246.2	247.1	247.2
Cheese	12/77=100	121.0	133.4	135.9	137.0	129.5	140.5	140.8	140.8	140.9
Frozen desserts	12/77=100	120.4	138.0	139.1	141.4	132.8	146.2	147.9	148.7	149.9
Other	12/77=100	116.4	129.0	130.6	132.4	126.4	136.1	135.6	137.3	137.0
Margarine	1967=100	244.4	254.2	254.9	253.6	249.7	256.1	258.2	256.7	256.6
Stocks, end of month:										
Creamery butter	Mil. lb.	200.5	301.5	302.7	304.6	---	473.6	515.6	490.0	463.6
Cheese, total 6/	Mil. lb.	536.5	679.8	633.9	690.7	---	860.3	1,006.6	982.1	958.7
Canned milk, unskimmed	Mil. lb.	119.0	94.1	76.5	53.0	---	67.2	100.0	102.1	85.8
Dry whole milk	Mil. lb.	4.9	3.4	5.0	5.3	---	4.0	2.9	3.0	2.8
Total whole milk equivalent 7/	Mil. lb.	9,420	12,837	12,393	12,958	---	18,160	20,508	19,764	18,968
Nonfat dry milk	Mil. lb.	516.4	575.5	570.4	586.8	---	693.1	806.1	809.2	936.8
Commercial disappearance:										
Creamery butter	Mil. lb.	78.4	66.3	78.1	93.5	878.8	70.5	75.1	87.4	N.A.
Cheese, American	Mil. lb.	193.2	193.5	184.6	157.3	2,023.9	187.9	185.1	203.1	N.A.
Cheese, other than American	Mil. lb.	149.4	178.3	172.5	193.0	1,827.9	144.7	142.3	164.2	N.A.
Canned milk, unskimmed	Mil. lb.	69.1	75.7	67.0	82.3	732.5	51.2	49.7	56.8	N.A.
Milk in all products	Mil. lb.	10,245	10,118	10,111	10,608	119,060	10,359	10,561	10,844	N.A.
Nonfat dry milk	Mil. lb.	42.8	35.4	42.5	34.8	538.9	23.5	39.6	57.6	N.A.
USDA net removals:										
Butter	Mil. lb.	9.8	16.5	15.0	17.8	257.0	48.9	12.1	6.9	23.5
Cheddar cheese	Mil. lb.	.7	8.8	12.4	21.1	349.7	70.2	33.3	28.6	27.2
Nonfat dry milk	Mil. lb.	18.6	38.3	32.6	39.3	110.2	97.5	70.0	54.0	65.3
Evaporated milk	Mil. lb.	1.1	2.1	1.2	2.3	17.5	1.2	1.5	1.6	1.2
Total whole milk equivalent	Mil. lb.	211	432	436	581	8,800	1,706	581	429	756
Fluid sales, change from year earlier: 8/										
Whole milk	Pct.	-2.9	-4.9	-4.9	-3.6	-3.5	-3.4	-3.5	-3.6	N.A.
Low-fat and skim milk	Pct.	+5.1	+5.7	+3.7	+4.6	+5.3	+5.0	+1.3	+1.0	N.A.
Total fluid milk	Pct.	+.2	-.7	-1.3	-.2	-.1	+.1	-1.5	-1.7	N.A.
Cream and cream mixtures	Pct.	+.4	+1.0	+1.0	+1.0	+2.0	+2.3	+3.3	N.A.	N.A.

1/ Seasonally adjusted prices as percentage of parity price.
2/ Different series than formerly published.
3/ Ice cream, ice milk, and sherbet.
4/ Includes manufactured products for which current monthly series are available.
5/ For all urban consumers starting January 1978.
6/ Natural, plus process American cheese held by CCC.
7/ Excludes cream and bulk condensed milk.
8/ Daily average sales in Federal and State Marketing areas.

N.A. Not Available

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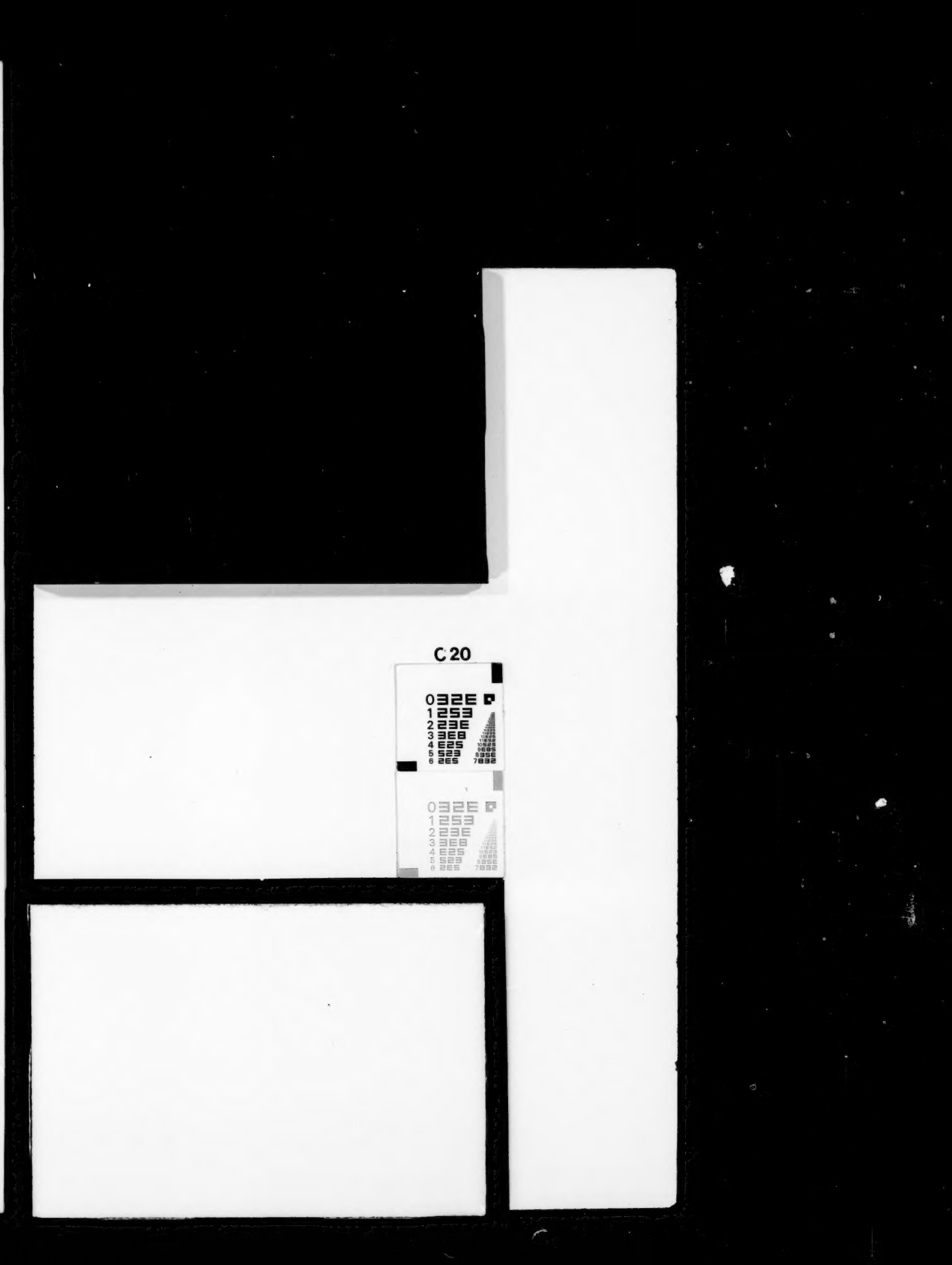
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